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Report Highlights:

According to the Russian State Statistical Service, grain production in 2007 was 81.8 million metric tons (mmt), 4 percent higher than 2006, including 49.4 mmt of wheat, 15.6 mmt of barley, 3.9 mmt of rye, 5.4 mmt of oats, 3.9 mmt of corn, 0.4 mmt of millet, 1.0 mmt of buckwheat, 0.7 mmt of rice, and 1.3 mmt of legumes. MY 2007 grain exports are forecast at 13.7 mmt, as Russia already exported nearly 13.0 mmt by the end of January 2008. Milling wheat and flour prices increased rapidly in January.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Trade Report
Moscow [RS1]
[RS]

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Executive Summary

On January 29, 2008, the State Statistical Service of the Russian Federation published official data on grain production in 2007. The total grain crop is 81.8 million metric tons (mmt), 4 percent more than in 2006, including 49.4 mmt of wheat, 15.6 mmt of barley, 3.9 mmt of rye, 5.4 mmt of oats, 3.9 mmt of corn, 0.4 mmt of millet, 1.0 mmt of buckwheat, 0.7 mmt of rice, and 1.3 mmt of legumes. From July 2007 through January 2008, Russia exported 13.0 mmt of grain and flour (in grain equivalent). Exports of wheat and barley will not continue February – April 2008 due to prohibitive export duties on these crops. However, export of wheat flour will continue, and may add another 0.4 mmt (in grain equivalent) to total MY 2007 grain exports. Given that Russia also increased exports of rye, the total MY 2008 grain exports is forecast at 13.7 mmt. Top quality milling wheat (class 3) prices increased from 6,285 rubles (US\$258) per metric ton in the end of December to 6,790 (US\$278) rubles per metric ton in the end of January 2008 (European Russia) despite continued grain interventions. From October 29, 2007 to January 29, 2008, 544,852 metric tons of class 3 wheat (or 43 percent of the intervention stock) and 53,531 metric tons of class 4 wheat (35 percent of intervention stock) were sold, but these sales did not curb market prices of milling wheat and wheat flour. According to millers, the wheat flour price increased in January by 8 percent since the end of December 2007, and may stimulate further increase in bread prices. On January 31, major Russian producers and retailers will sign an agreement to extend price freezing on staple food products, including wheat and rye bread, until May 1, 2008.

The State Statistics Service also reported on economic growth in 2007. Gross domestic product grew by an annual 8.1 percent in 2007, exceeding the government's forecast and registering the fastest growth rate since 2000. Russia has entered its 10th consecutive year of growth. The average wage increased an annual 16.2 percent in 2007, reaching 18,467 rubles (\$754) per month in December while retail sales grew 15.2 percent. Disposable income increased 10.4 percent last year, according to the State Statistics Service.

Official Data on 2007 Grain Crop

On January 29, 2008, the State Statistical Service of the Russian Federation published official data on 2007 grain production. The total grain crop is 81.8 mmt, 4 percent more than in 2006. Wheat production increased to 49.4 mmt, 9.7 percent growth from 2006. Rye crop is 3.9 mmt, 32 percent more than in 2006. Production of oats increased by 10.8 percent to 5.4 mmt, corn production increased to 3.9 mmt (up 7.6 percent from last year), production of buckwheat and rice increased to 1.0 mmt and 709,000 metric tons, respectively (16 percent and 3 percent increase). Meanwhile, barley production dropped by 13.8 percent to 15.6 mmt, and millet and legumes production plummeted by 30 percent and 26 percent to 421,000 metric tons and 1.3 mmt respectively. Agricultural enterprises produced 78.5 percent of all grain, and private farms -peasants accounted for 20.2 percent of all grain¹.

Winter grain is sown to 15.0 million hectares, a 15-percent increase from previous year, including 600,000 hectares of winter barley. January frost spells in the Sothern Federal District without adequate snow cover damaged plants on some fields, but the result of the damage is still difficult to estimate. Winter grain survival is still good in the Ural Federal District and in Siberia Federal District, with adequate snow cover.

Trade

¹ <http://www.agronews.ru/newsshow.php?NId=42564>

Experts estimate Russia's wheat exports from July through December 2007 at 10.56 mmt, and forecast wheat exports in January at 1.1- 1.2 mmt². Given that wheat flour exports in July – December reached 187,600 metric tons or 260,000 metric tons in grain equivalent (up 4 percent from total wheat flour exports in MY 2006), and will continue in January and February, total wheat exports in MY 2007 may exceed 12.5 mmt despite a prohibitive wheat and meslin export tariff (40 percent *ad valorem*, but not less than 105 Euro per metric ton), effective January 28, 2008 to April 30, 2008.

From July through January, Russia exported 1.0 mmt of barley³, but barley exports plummeted in December due to the imposition of a prohibitive export tariff (30 percent *ad valorem* but not less than 70 Euro per metric ton), effective November 12, 2007 to April 30, 2008. Given the small barley crop, total barley exports in MY 2007 will should not exceed 1.1 mmt.

In July –December 2007, Russia exported 106,140 metric tons of rye (4.5 times more than in MY 2006). Russia's exports of corn in October – December 2007 were 23,545 metric tons, less than 50 percent of October – December 2006 exports.

Thus, despite prohibitive export tariffs on barley and wheat and meslin, Russia's total MY 2007 grain exports may exceed 13.7 mmt.

In July – December 2007, Russia imported 212,600 metric tons of wheat and flour (in grain equivalent), 89,000 metric tons of barley, and 128,301 metric tons of rice. Corn imports in October – December 2007 were 13,400 metric tons.

Policy

The Russian Government continues grain interventions, and by January 30, 2008 has sold 544,852 metric tons of class 3 wheat (or 43 percent of the intervention stock) and 53,531 metric tons of class 4 wheat (35 percent of intervention stock). At the last intervention session held on January 29, 2008, the average price of class 3 wheat was 6,149 rubles (US\$252) per metric ton, 20 percent higher than at the session held on December 4, 2007, and the average price of class 4 wheat was 5,321 rubles (US\$218) per metric ton⁴, a 13-percent increase from December 11, 2007 session, when sales of class 4 wheat began. The quantity of wheat sold and terms of interventions sales have had minimal impact on domestic wheat prices, and in January 2008 prices of wheat began rising again. Prices of top quality milling wheat (class 3) increased in European Russia from 6,285 rubles (US\$258) on December 21, 2007 to 6,790 rubles (US\$278) per metric ton as of the end of January 2008⁵. Prices of class 4 wheat increased from 6,080 rubles (US\$249) to 6,290 rubles (US\$258) per metric ton from December 21, 2007 to January 17, 2008. According to millers, wheat flour prices continue to rise, increasing by 8 percent in January, thus stimulating an increase in bread and bakery products' prices. On January 31, major Russian producers and retailers will sign an agreement to extend price freezing on staple food products, including wheat and rye bread, until May 1, 2008.

² Source: SovEcon

³ Source: SovEcon

⁴ On January 29, 2008 Russia's Central Bank's currency ratio was 24.59 Rubles per 1 \$US

⁵ Source: WJ Interagro

PSD Tables

Wheat

PSD Table										
Country	Russian Federation									
Commodity	Wheat						(1000 HA)(1000 MT)(MT/HA)			
	2005 Revised			2006 Estimate			2007 Forecast			UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		07.2005	07.2005		07.2006	07.2006		07.2007	07.2007	MM/YYYY
Area Harvested	25400	25400	25400	23700	23700	23700	24500	24500	24500	(1000 HA)
Beginning Stocks	3891	3891	3891	3809	3809	3809	2380	2380	2380	(1000 MT)
Production	47700	47700	47700	44900	44900	44900	49400	48200	49400	(1000 MT)
MY Imports	1282	1282	1282	861	861	861	1000	1300	1200	(1000 MT)
TY Imports	1282	1282	1282	861	861	861	1000	1300	1200	(1000 MT)
TY Imp. from U.S.	4	4	4	0	0	0	0	0	0	(1000 MT)
Total Supply	52873	52873	52873	49570	49570	49570	52780	51880	52980	(1000 MT)
MY Exports	10664	10664	10664	10790	10790	10790	12000	12000	12500	(1000 MT)
TY Exports	10664	10664	10664	10790	10790	10790	12000	12000	12500	(1000 MT)
Feed Consumption	14900	14900	14900	14100	14100	14100	15400	14600	15000	(1000 MT)
FSI Consumption	23500	23500	23500	22300	22300	22300	22800	23100	23200	(1000 MT)
Total Consumption	38400	38400	38400	36400	36400	36400	38200	37700	38200	(1000 MT)
Ending Stocks	3809	3809	3809	2380	2380	2380	2580	2180	2280	(1000 MT)
Total Distribution	52873	52873	52873	49570	49570	49570	52780	51880	52980	(1000 MT)
Yield	1,877953	1,877953	1,877953	1,894515	1,894515	1,894515	2,016327	1,967347	2,016327	(MT/HA)

Barley

PSD Table										
Country	Russian Federation									
Commodity	Barley						(1000 HA)(1000 MT)(MT/HA)			
	2005 Revised			2006 Estimate			2007 Forecast			UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		07.2005	07.2005		07.2006	07.2006		07.2007	07.2007	MM/YYYY
Area Harvested	9150	9150	9150	10000	10000	10000	9800	9800	9800	(1000 HA)
Beginning Stocks	2110	2110	2110	873	873	873	1226	1226	1226	(1000 MT)
Production	15800	15800	15800	18100	18100	18100	15600	16500	15600	(1000 MT)
MY Imports	189	189	189	200	200	200	200	250	250	(1000 MT)
TY Imports	188	188	188	200	200	200	200	250	250	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	18099	18099	18099	19173	19173	19173	17026	17976	17076	(1000 MT)
MY Exports	1726	1726	1726	1547	1547	1547	1000	1050	1050	(1000 MT)
TY Exports	1397	1397	1397	1691	1700	1700	1000	1050	1050	(1000 MT)
Feed Consumption	10900	10900	10900	11800	11800	11800	10700	11600	10900	(1000 MT)
FSI Consumption	4600	4600	4600	4600	4600	4600	4600	4600	4400	(1000 MT)
Total Consumption	15500	15500	15500	16400	16400	16400	15300	16200	15300	(1000 MT)
Ending Stocks	873	873	873	1226	1226	1226	726	726	726	(1000 MT)
Total Distribution	18099	18099	18099	19173	19173	19173	17026	17976	17076	(1000 MT)
Yield	1,726776	1,726776	1,726776	1,81	1,81	1,81	1,591837	1,683673	1,591837	(MT/HA)

Corn

No PSD changes from January 2008 Monthly Update

Other Relevant Reports

RS8006 Agricultural Situation / Food price Control Will be Extended until May 1, 2008
(not posted yet)

RS7096 Grain and Feed / Wheat Export Tariff Raised to 40 Percent
<http://199.129.102.239/GainFiles/200712/146293380.pdf>

RS7095 Grain and Feed / January 2008 Monthly Update
<http://199.129.102.239/GainFiles/200712/146293369.pdf>

RS7086 Grain and Feed / December Monthly Update
<http://199.129.102.239/GainFiles/200711/146293138.pdf>

RS7082 Grain and Feed / November Monthly Update
<http://199.129.102.239/GainFiles/200711/146293332.pdf>

RS7075 Grain and Feed / Grain Interventions Announced
<http://199.129.102.239/GainFiles/200710/146292770.pdf>

RS7070 Grain and Feed / Russian Government Resolution on Temporary Export Duties on Wheat and Barley <http://199.129.102.239/GainFiles/200710/146292739.pdf>